

AMENDED IN ASSEMBLY AUGUST 12, 2004

AMENDED IN ASSEMBLY JULY 27, 2004

AMENDED IN ASSEMBLY JUNE 16, 2004

AMENDED IN ASSEMBLY JUNE 10, 2004

AMENDED IN ASSEMBLY JUNE 1, 2004

AMENDED IN ASSEMBLY SEPTEMBER 12, 2003

AMENDED IN ASSEMBLY SEPTEMBER 9, 2003

**SENATE BILL**

**No. 1056**

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**Introduced by Senator Alarcon**

February 27, 2003

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An act to add Section 65957.3 to the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 1056, as amended, Alarcon. Development projects: superstore retailers.

(1) The Permit Streamlining Act requires the lead agency that has the principal responsibility for approving a development project, as defined, to approve or disapprove the project within 6 months from the date of certification of an environmental impact report, or within 3 months from the date of adoption of a negative declaration or the determination by the lead agency that the project is exempt from the California Environmental Quality Act, unless the project proponent requests an extension of time.

This bill would in addition require a city, county, or city and county, including a charter city, prior to approving or disapproving a proposed development project that would permit the construction of a superstore retailer, as defined, to cause an economic impact report to be prepared, as specified, to be paid for by the project applicant, and that includes specified assessments and projections including, among other things, an assessment of the effect that the construction and operation of the proposed superstore retailer will have on retail operations in the same market area. *The bill would also require the governing body to provide an opportunity for public comment on the economic impact report.* By increasing the duties of local public officials, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature to promote  
2 market competition and economic development in all  
3 communities of the state and to address the concerns of the state's  
4 small businesses as the superstore retail model enters the state's  
5 communities. Therefore, the Legislature finds and declares all of  
6 the following:

7 (a) It is in the interest of local governments to promote  
8 economic development in their jurisdictions.

9 (b) In many municipalities land use decisions are linked to  
10 fiscal policy because governments receive a share of sales tax  
11 revenues generated within their borders. California cities thus  
12 often seek large sales tax revenue sources, such as superstores,  
13 without taking into account all of the external economic effects  
14 that superstores bring to communities.

15 (c) Transformations in the big box retail industry are rapidly  
16 altering retail business nationwide, as California may soon learn  
17 firsthand. The engine of this change is the retail format known as



1 the superstore—a big box retail store that also contains the  
2 equivalent of a full-size grocery store, with the total floor space  
3 often three to four times as large as that of a conventional  
4 supermarket.

5 (d) As a result of the possible restructuring of retail business,  
6 particularly the grocery sector in California, the following effects  
7 may be seen: lower prices charged for grocery and other retail  
8 goods; lower wages and benefits paid to grocery workers; and a  
9 host of complex land use, traffic, and fiscal impacts.

10 (e) Land use decisions regarding superstores will fall to city  
11 and county governments, even if the impacts will be regional as  
12 well as local.

13 (f) Even if local officials foresee future negative economic  
14 impacts on their local community, there is little incentive to  
15 conduct an economic impact report and require the retail applicant  
16 to pay the costs. If one city were to charge an applicant approval  
17 cost, a superstore business would simply seek to operate elsewhere  
18 and possibly shift local sales tax revenue away from the city that  
19 required the report.

20 SEC. 2. Section 65957.3 is added to the Government Code, to  
21 read:

22 65957.3. (a) As used in this section, “superstore retailer”  
23 means a store greater than 130,000 square feet of gross buildable  
24 area that will generate sales or use tax revenue pursuant to the  
25 Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5  
26 (commencing with Section 7200) of Division 2 of the Revenue and  
27 Taxation Code), that contains more than 20,000 stockkeeping  
28 units, and derives more than 10 percent of its total sales from the  
29 sale of nontaxable merchandise.

30 (b) As used in this section, the term “market area” has the same  
31 meaning as that term is defined in Section 53084.

32 (c) Prior to approving or disapproving a proposed development  
33 project that would permit the construction of a superstore retailer,  
34 a city, county, or city and county shall cause to be prepared an  
35 economic impact report.

36 (1) The city, county, or city and county may prepare the  
37 economic impact report or contract with a private entity, other than  
38 the permit applicant, or another public agency for the preparation  
39 of the report. The private entity or other public agency shall be

1 qualified by education, training, and experience to conduct  
2 economic and fiscal analyses.

3 (2) The applicant for the development project shall pay the city,  
4 county, or city and county for the costs of preparing the economic  
5 impact report.

6 (3) The economic impact report shall include, but not be  
7 limited to, all of the following:

8 (A) An assessment of the extent to which the proposed  
9 superstore retailer will capture a share of retail sales in the city,  
10 county, or city and county.

11 (B) An assessment of how the construction and operation of the  
12 proposed superstore retailer will affect the supply and demand for  
13 retail space in the city, county, or city and county.

14 (C) An assessment of how the construction and operation of the  
15 proposed superstore retailer will affect wages and benefits,  
16 community income levels, and the demand for employment in the  
17 city, county, or city and county.

18 (D) A projection of the costs of public services and public  
19 facilities resulting from the construction and operation of the  
20 proposed superstore retailer and the incidence of those costs.

21 (E) A projection of the public revenues resulting from the  
22 construction and operation of the proposed superstore retailer and  
23 the incidence of those revenues.

24 (F) An assessment of the effect that the construction and  
25 operation of the proposed superstore retailer will have on retail  
26 operations in the same market area.

27 (G) An assessment of the effect that the construction and  
28 operation of the proposed superstore retailer will have on the  
29 ability of the city, county, or city and county to implement the goals  
30 contained in its general plan, including, but not limited to, local  
31 policies and standards that apply to land use patterns, traffic  
32 circulation, affordable housing, natural resources, including water  
33 supplies, open-space lands, noise problems, and safety risks.

34 (H) An assessment of the effect that the construction and  
35 operation of the proposed superstore retailer will have on average  
36 total vehicle miles traveled by retail customers in the same market  
37 area.

38 (d) Nothing in this section shall preclude a city, county, or city  
39 and county from conducting additional studies of the effects of the  
40 construction and operation of a proposed superstore retailer.



1 (e) *At any regularly scheduled meeting of the city, county, or*  
2 *city and county governing body, after the completion of the*  
3 *economic impact report required by subdivision (b), and prior to*  
4 *the issuance of any entitlement, including, but not limited to, a*  
5 *building permit, a city, county, or city and county shall provide the*  
6 *opportunity for public comment on the economic impact report*  
7 *and its findings.*

8 (f) (1) The Legislature finds that the construction and  
9 operation of a superstore retailer has land use, environmental,  
10 economic, fiscal, and social equity effects that extend beyond the  
11 boundaries of the city, county, or city and county in which it is  
12 located.

13 (2) The Legislature finds that it is essential for the statewide  
14 public health, safety, and welfare to require cities, counties, and  
15 cities and counties to understand the potential spillover effects of  
16 approving the construction and operation of superstore retailers.

17 (3) The Legislature further finds and declares that the review  
18 and regulation of superstore retailers is a matter of statewide  
19 concern and not merely a municipal affair, as that term is used in  
20 Section 5 of Article XI of the California Constitution. Therefore,  
21 this section shall apply to charter cities and to charter cities and  
22 counties.

23 SEC. 3. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 a local agency or school district has the authority to levy service  
26 charges, fees, or assessments sufficient to pay for the program or  
27 level of service mandated by this act, within the meaning of  
28 Section 17556 of the Government Code.